

~~CONFIDENTIAL~~

USRO/ST

DRAFT - February 3, 1954

E. Burton

(cleared with Col. Brown)

DEPT. STATE CIRCULAR DIRECTIVE

REF:

- 1) CA-1786, Sep. 30, 1953 - Lateral Dissemination of Intelligence Information.
- 2) CA-2665, Nov. 16, 1953 (Para 2/d) - Use of EXCON Caption in Communications Relating to Economic Defense Problems.
- 3) CA-3124, Dec. 4, 1953 - Reorganization of the Economic Defense Elements within USRO.

SUBJECT:

Lateral Dissemination of Intelligence Information to Economic Defense Elements within USRO (USRO/ST).

1. The Problem

This Instruction Circular is directed towards the amplification of previous Department Instructions (refels) which form the basis for regional communications with respect to Economic Defense matters and the lateral dissemination of regional intelligence both to and from the Economic Defense element within USRO. This staff, which comprises the former MDAC Paris operation and the CG/COCOM/CHINCOM staff, is now designated as the OFFICE OF SECURITY TRADE CONTROLS (USRO/ST).

~~CONFIDENTIAL~~

~~CONFIDENTIAL~~  
- 2 -

## 2. Lateral Dissemination of Intelligence to USRO/ST

At the present time, intelligence information is received from (1) Controlled American Source (CAS), (2) through other intelligence channels, or (3) by Foreign Service posts from overt sources. A very limited amount of Military intelligence on Economic Defense matters has been made available. It is hoped that this source will eventually develop and provide more material for Economic Defense use.

In view of the international character of diversion networks and East/West trade operations, Foreign Service posts are reminded to include USRO/ST in their distribution of all Economic Defense matters including cables, despatches, reports and evaluations (for OM's see Item 6 below). USRO/ST, operating on a regional basis will, as a consequence, be in a better position to evaluate and coordinate their operational intelligence and in turn, to render more valuable assistance to Foreign Service posts in developing case histories, establishing patterns of diversions and financial transactions, and in setting up operational intelligence files on East/West traders and firms. The regional aspects of a diversion case originating bilaterally may be overlooked if USRO/ST is not included on distribution.

## 3. Receipt of Timely Intelligence by USRO/ST

By far the greater volume of intelligence received by USRO/ST is ~~as post facto~~ which is extremely valuable in establishing East/West trade patterns and a background for operational intelligence files; however, Foreign Service posts are urged to develop and exploit all source of ~~before~~

~~CONFIDENTIAL~~

~~CONFIDENTIAL~~

- 3 -

the fast intelligence that can produce information for immediate transmittal to Washington, USRO/ST, and pertinent posts for timely action. A matter of hours can prevent an important diversion.

4. Dissemination of Information by USRO/ST

USRO/ST will at all times (refral 3, Functions, Item 6) establish and maintain liaison between USRO and the US diplomatic missions in Europe in respect to the Economic Defense Program and the Battle Act matters. In its role as regional disseminator and coordinator of intelligence, USRO/ST can be relied upon to keep Foreign Service posts advised of Economic Defense matters pertinent to their particular problems. It is hoped that in this way the posts can build up a background of operational intelligence which will enable them to formulate discriminating plans of action and to take appropriate measures to prevent evasion of East/West trade controls. USRO/ST will, in addition, assume the coordination of action when appropriate, and disseminate intelligence essential for these purposes, and will refer pertinent matters and cases to appropriate posts for their action.

25X1A

5. Lateral Dissemination of [REDACTED]

25X1A

25X1C Regulations (refral 1) regarding the dissemination of [REDACTED] should be re-examined in this connection; for in order to protect [REDACTED] of information, it has been requested that no action be taken by Foreign Service posts unless the Foreign Service post is reasonably sure of the reliability of the report and decides that urgency is a significant element.

~~CONFIDENTIAL~~

~~CONFIDENTIAL~~

- 4 -

6. Discontinuation of Operation Memoranda for EXCON matters.

It is requested that Foreign Service posts discontinue use of OM's for EXCON and EB matters and employ reproducible despatches and telegrams which receive appropriate distribution, since these subjects are often essential to other posts, Washington agencies, and USRO/ST. The limited distribution given to OM's has, in many instances, prevented important information from reaching posts that should have had the facts made available to them.

7. Communications Procedure

Since, in general, USRO/ST is interested in economic defense developments in all countries, sufficient copies (minimum of two) of all EXCON communications should be repeated to USRO in order to insure adequate distribution to appropriate end-users. In this connection, the addressee posts are urged to use the channel of communication necessary for messages which require early action or comment by the U.S. Delegation to CG/COCOM/CHINCOM or MDAO staffs.

All post communication to USRO/ST, including information regarding diversions, should be sent in the TOPOL series and all inquiries or reports from Paris will be sent in the POLTO chain. FOA missions will continue to use the EGOTO, TOEGO series. All such economic defense communications will be headed EXCON.

8. Where practicable, use key words in subject titles. Communications dealing with diversions should read: "Diversions/(Commodity)", if possible.

~~CONFIDENTIAL~~